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Message Text

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CINCUSNAVEUR
CINCUSAFE RAMSTEIN

S E C R E T SECTION 1 OF 2 ATHENS 3160

LIMDIS

EO 11652: GDS
TAGS: MARR GR US
SUBJECT: US-GREEK BASE NEGOTIATIONS - SEVENTH AND EIGHTH
MEETINGS OF SUBGROUP ON SOFA

REF: ATHENS 3074

SUMMARY: THE SEVENTH AND EIGHTH MEETINGS OF SOFA SUBGROUP EXAMINED ART XIV OF APPENDIX I OF 1953 MFA AND THE EXCHANGE OF NOTES OF SEP 7, 1956. GREEK SIDE PROPOSED CURRENCY EXCHANGE PROVISIONS OF MFA BE REVISED TO INCLUDE REQUIREMENT FOR A STATED PERCENTAGE OF PAY OF US FORCES BE IN DRACHMAE AND SPECIFIED PERCENTAGE OF GOODS SOLD THRU COMMISSARY AND PX BE OF GREEK ORIGIN. GREEKS EXPRESSED DESIRE TO REVISE MFA TO PROVIDE THAT US REPURCHASE OF DOLLARS WITH DRACHMAE WILL BE AT RATE THEN PREVAILING. GREEK SIDE DID NOT OBJECT
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TO COUNTERSIGNATURE OF ORDERS AND PROVISIONS OF 1956 NOTE BUT

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STATED THEY NO LONGER NECESSARY. GREEKS ACCEPTED IN PRINCIPLE US POSITION THAT CIRCULATION TAX ON POV'S NOT A TAX ON THE USE OF ROADS AND US SIDE INDICATED READINESS TO PAY HIGHWAY TOLL CHARGES FOR POV'S. GREEKS WILL CONSIDER US PROPOSAL TO EXPAND SOFA SUBGROUP MANDATE TO INCLUDE HELLENIZATION MATTER. END SUMMARY.

1. IN SEVENTH MEETING ON MORNING OF APR 23, GREEKS NOTED THEY HAD NOT BEEN ABLE TO OBTAIN VIEWS OF MINISTRY OF FINANCE ON PROVISION SCHEDULED FOR FIRST CONSIDERATION, MFA, APP I, ART XIV. HOWEVER IN SEEKING AN UNDERSTANDING OF FUNCTIONING OF CURRENT SYSTEM, AND PRELIMINARY TO ECONOMIDES MAKING A PROPOSAL (SEE PARA 2 BELOW), GREEKS ASKED FOLLOWING QUESTIONS, ELICITING ANSWERS IN PARANTHESES: (A) ARE US FORCES MEMBERS PAID EXCLUSIVELY IN DOLLARS? (YES); (B) WHAT PROPORTION OF PAY OF MEMBERS OF US FORCES IS SPENT ON GREEK ECONOMY (ESTIMATED 30PC-50PC, BUT UNDERTOOK TO PROVIDE FIGURES); (C) DOES THE USG HAVE AN AGREEMENT WITH ANY OTHER NATO COUNTRY REQUIRING THAT A PROPORTION OF PAY OF PERSONNEL OF US FORCES BE DISBURSED IN LOCAL CURRENCY? (NOT TO KNOWLEDGE OF US SIDE); (D) DO US COMMISSARY AND PX SELL GREEK PRODUCTS? (COMMISSARY HANDLES SOME GREEK FOODSTUFFS BUT PX SELDOM HANDLED GREEK PRODUCTS).

2. ECONOMIDES THEN PUT FORWARD AS AN "INFORMAL AND PERSONAL" PROPOSAL SUGGESTION THAT EVENTUAL AGREEMENT INCLUDE REQUIREMENT THAT (A) A SPECIFIED PROPORTION OF PAY OF MEMBERS OF US FORCES BE PAID IN DRACHMAE AND (B) THAT COMMISSARY AND PX'S BE REQUIRED TO PURCHASE A CERTAIN QUANTITY OF GOODS FROM GREEK ECONOMY. HE FELT THIS WOULD NOT DIFFER FROM ACTUAL SITUATION BUT WOULD BE A POSITIVE ELEMENT OF CURRENT NEGOTIATIONS AND HAVE A FAVORABLE IMPACT ON GREEK PUBLIC OPINION. HE WISHED HIS PROPOSAL TO BE EXAMINED BY BOTH SIDES FOR DISCUSSION IN A SUBSEQUENT MEETING.

3. US SIDE INDICATED ECONOMIDES PROPOSAL WOULD HAVE TO BE STUDIED, BUT AS PRELIMINARY REACTION SAW A NUMBER OF PITFALLS: (A) US LAW REQUIRED PAYMENT OF SALARY IN DOLLARS

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SO THAT PART-PAYMENT IN DRACHMAE WOULD REQUIRE NEW LEGISLATION; (B) IT WAS NOT POSSIBLE TO OBLIGE US PERSONNEL TO SPEND ANY PROPORTION OF PAY IN DRACHMAE; (C) JACKSON-NUNN AMENDMENT PUT US FORCES UNDER LEGAL OBLIGATION TO REDUCE IMBALANCE IN US PAYMENTS ACCOUNT, AN IMPERATIVE DIRECTLY CONTRARY TO GREEK PROPOSAL; (D) PX AND COMMISSARY WERE INTENDED TO PROVIDE GOODS TO WHICH US PERSONNEL ACCUSTOMED, WHICH NOT AVAILABLE LOCALLY, AND AT

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LOWEST POSSIBLE COST. US SIDE SUGGESTED THAT PROVISION OF STATISTICS ON DRACHMAE EXPENDITURES BY US FORCES IN GREECE MIGHT HELP ALLEVIATE PUBLIC OPINION PROBLEM. GREEK SIDE TOOK NOTE OF US REACTION, PARTICULARLY POTENTIAL DIFFICULTIES WITH OBTAINING NEW LEGISLATION, BUT POINTED OUT THAT GOG ALSO HAD LEGISLATIVE PROBLEMS TO CONSIDER AND ASKED THAT MATTER BE LEFT OPEN FOR EXAMINATION AT A LATER DATE.

4. TURNING TO INDIVIDUAL PROVISIONS OF MFA, APP I, ART. XIV, GREEKS IGNORED PARA 1; IN CONNECTION WITH PARA 2(A) SOUGHT AND RECEIVED INFORMATION ABOUT MEANS BY WHICH DRACHMAE NEEDS OF US FORCES ARE MET RESULTING IN QUERY ABOUT EXISTENCE OF ANY SPECIAL MONETARY PURCHASE AGREEMENT, TO WHICH US SIDE REPLIED NEGATIVELY; REGARDING 2(B) EXPLAINED THAT DRACHMAE PAR VALUE NOW FLOATING IN RELATION TO CERTAIN OTHER EUROPEAN CURRENCIES; AND IN DISCUSSION OF 2(C) EXPRESSED FEELING THAT IN VIEW OF NEW METHOD OF DETERMINING THE DRACHMAS VALUE, ANY GREEK REPURCHASE OF DRACHMAE FROM USG SHOULD BE AT RATE PREVAILING AT TIME OF REPURCHASE RATHER THAN RATE AT WHICH BOUGHT. US SIDE POINTED OUT THAT LANGUAGE OF PARA 2 DATED FROM ERA IN WHICH DOLLAR WAS OVERWHELMINGLY STRONG CURRENCY AND LARGE AMOUNTS OF WEAK FOREIGN CURRENCIES WERE OF NECESSITY HELD BY USG, RESULTING IN PROVISIONS NO LONGER OF UNIFORM USEFULNESS OR APPLICABILITY. THE TWO SIDES AGREED THAT CHANGES WERE NEEDED IN PARA 2 AND THAT THE LANGUAGE OF PARAS 3 AND 4 CONCERNING USE OF SCRIP WERE OBSOLETE.

5. PURSUING EARLIER US SUGGESTION OF REVIEW OF TWO EXCHANGES OF NOTES OF SEPTEMBER 7, 1956, WHICH PARALLELED BILATERAL SOFA IMPLEMENTING AGREEMENT OF

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THE SAME DATE, US NOTE 75 WAS THEN EXAMINED. RE PARA 1(A), GREEK SIDE BELIEVED PROVISIONS OF 1953 MFA, APPENDIX I COVERED SITUATION, TO WHICH US SIDE REPLIED THAT WHILE MFA APP. I CONTEMPLATED MOVEMENT OF UNITS, NATO SOFA III 2(B) CONTEMPLATED MOVEMENT OF INDIVIDUALS AND PERMITTED REQUIREMENT FOR COUNTERSIGNATURE, WHICH GREEKS HAD RENOUNCED IN WORDING UNDER REVIEW. AFTER DISCUSSION, GREEKS INDICATED THAT THEY DID NOT FORSEE A NEED TO REQUIRE COUNTERSIGNATURES BUT THAT CONSIDERATION WOULD BE DEFERRED.

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SAJ-01 ACDA-05 L-01 /050 W
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FM AMEMBASSY ATHENS
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INFO SECDEF PRIORITY
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USNMR SHAPE
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USCINCEUR
CINCUSNAVEUR
CINCUSAFE RAMSTEIN

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GREEKS FELT PARA 1(B) UNNECESSARY, SINCE NATO SOFA III
(3) COVERED AND IN ANY EVENT VISAS NOT REQUIRED FOR ENTRY
TO GREECE EXCEPT FOR THOSE FROM EAST EUROPE, ASIA, AND
SOME AFRICAN COUNTRIES, BUT WERE WILLING TO RETAIN
PROVISION IF US SIDE SO WISHED. PARA 1(C) POSED PROBLEM
ONLY FOR FONOFF, WHICH WISHED TO BE EXCLUDED FROM ANY ROLE,
PERHAPS IN FAVOR IF DIRECT COMMUNICATION BETWEEN US FORCES
AND ALIENS BUREAU. HOWEVER GREEKS WISHED ADDITION OF
REQUIREMENT FOR US FORCES WITHIN A SPECIFIED TIME LAPSE,
TO NOTIFY GOG OF ALL ARRIVALS AND DEPARTURES OF US
PERSONNEL, A REQUIREMENT WHICH US SIDE FOUND NOT UNREASONABLE.
PARA 2 PROVOKED A LONG DISCUSSION IN WHICH US SIDE POINTED
OUT THAT RATHER THAN BROADENING GREEK OBLIGATIONS, THIS
PROVISION ACTUALLY LIMITED THEM BY EXCLUDING EXTRANEOUS
US ELEMENTS SUCH AS RED CROSS PERSONNEL OF PERSONNEL OF
BASE MAINTENANCE CONTRACTOR FROM APPLICABILITY OF NATO SOFA ART
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VIII CLAIMS PROCEDURES.

6. REGARDING NOTE 75, PARA 3(A) GREEKS REITERATED PREFERENCE, WHETHER CONTEMPLATING MEMO OF FEB 4, 1953 (THE TAX RELIEF AGREEMENT) OR THIS NOTE, FOR STRICTEST POSSIBLE APPLICATION OF NATO SOFA CONCERNING IMMUNITIES AND PRIVILEGES. US SIDE POINTED OUT THAT PARA 3(A) ADDED DEPENDENTS AND REFLECTED BROAD PROVISIONS OF TAX RELIEF AGREEMENT. GREEKS BELIEVED THAT TAXATION OF DEPENDENTS NOT A PROBLEM, SINCE THE NOT SALARIED BY USG AND BECAME MEMBERS OF CIVILIAN COMPONENT IF SO EMPLOYED. TO EXAMPLE OF DEPENDENT POSSESSION OF PROPERTY WHICH MIGHT BE TAXABLE, GREEKS HUMOROUSLY AGREED THAT HUSBAND SHOULD BE CONSIDERED OWNER, WHILE DEPENDENTS INCOME FROM PROPERTIES OR INVESTMENT IN UNITED STATES WOULD IN GREEK VIEW BE COVERED BY EXISTING DOUBLE TAXATION TREATY. US EXPRESSED CONCERN CREATE A DIFFERENT REGIME FOR DEPENDENTS AND FOR MEMBERS OF CIVILIAN THAT THIS APPROACH WOULD COMPONENT. US SUGGESTION OF INCLUSION IN ANY BASIC AGREEMENT OF DOUBLE TAXATION CLAUSE FOR DEPENDENTS LED GREEKS TO CONCLUDE THAT PUBLICATION OF AGREEMENT IN OFFICIAL GAZETTE WOULD CAUSE THIRD COUNTIRES ENJOYING MFN STATUS TO SEEK SIMILAR RELIEF. DISCUSSION WAS INCONCLUSIVE.

7. IN EIGHTS MEETING ON EVENING OF APRIL 23, NOTE 75, PARA 3(B) EVOKED CONSIDERABLE DISCUSSION IN WHICH GREEKS FINALLY ACCEPTED APPLICABILITY TO PRIVATE AUTOS OF US FORCES OF NATO SOFA X (1) LANGUAGE RE "TANGIBLE, MOVABLE PROPERTY," BUT INDICATED THIS NOT NECESSARILY DEFINITIVE GOG VIEW SINCE MINISTRY OF FINANCE HAD TO BE CONSULTED. GREEKS WISHED TO TERMINATE EXEMPTION FROM ROAD TAXES, WHICH IN THEIR VIEW INCLUDED ONLY TOLLS ON ROADS TO PATRAS AND THESSALONIKI, AND AGREED THAT CIRCULATION TAX DID NOT CONSTITUTE A ROAD TAX (I.E. AN INDIREST TAX) BUT INSTEAD WAS A FISCAL (E.E. DIRECT) TAX FROM WHICH MEMBERS OF US FORCES WOULD BE EXEMPT IF NATO SOFA X(1) APPLIED TO THEIR PRIVATE AUTOS. US SIDE THEN NOTED READINESS OF US FORCES TO GIVE UP YELLOW (FOREIGN MISSION) LICENSE PLATES IF TAX EXEMPTIONS NOT THEREBY COMPROMISED. GREEKS UNDERTOOK TO STUDY PROBLEM GREEKS DID NOT RAISE GASOLINE TAX AND US SIDE LET THIS

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SLEEPING DOG LIE.

8. US SIDE DEFENDED NOTE 75, PARA 4 AUTHORITY FOR MEMBERS OF FORCE TO SELL PROPERTY TO ONE ANOTHER AS USEFUL PROVISION WHICH SAVED USG UNNECESSARY SHIPPING COSTS AND PERMITTED INDIVIDUALS TO PASS ON PROPERTY MORE USEFUL IN GREECE THAN IN US. ALTHOUGH GREEKS REACTED POSITIVELY,

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THEY CITED NEW LAW PHOHIBITING RESALE OF VEHICLES OVER 5 YEARS OLD AS POSSIBLE SOURCE OF DIFFICULTY, AND US SIDE NOTED SAFETY INSPECTION PROCEDURS OF US FORCES AS SAFEGUARD. PARA 5 SEEMED TO HAVE NO UTILITY AND ITS ABOLITION WAS AGREED.

9. US SIDE DREW TO GREEK ATTENTION NOTE 76 OF SEPT 7, 1956 CONCERNING STATUS OF JUSMAGG PERSONNEL, NOTING THAT IT FITTED WITH AGREEMENTS OF 1947-49 ERA WHICH GREEK SIDE WISHED TO ABOLISH BUT THAT LIKE THOSE AGREEMENTS THIS NOTE WAS BEYOND COMPETENCE OF US SIDE. US SIDE POINTED OUT, HOWEVER, THAT ONLY 39 PERSONS INVOLVED. GREEKS MAINTAINED THEIR POSITION RE 1947-49 AGREEMENTS, AND US SIDE NOTED THAT WASHINGTON STUDY REQUIRED.

10. DISCLAIMING ONCE AGAIN ANY AUTHORITY TO DISCUSS GREEK DRAFT ON A NEW BASIC AGREEMENT, US SIDE EXPRESSED PREFERENCE FOR INCLUSION OF GENERAL PRINCIPLES AND RELEGATION TO TECHNICAL AGREEMENTS ONLY OF SPECIFIC PROVISIONS, WITH WHICH GREEKS SEEMED IN ACCORD. US SIDE RECALLED GREEK SCHEME TO SUBMIT TO PARLIAMENT BASIC AGREEMENT AND ANNEX LISTING FACILITIES TO WHICH IT APPLIED, ASKING IF POSSIBLE SUBSEQUENT ADDITION OF ADDITIONAL FACILITY WOULD REQUIRE RESUBMISSION TO PARLIAMENT. GREEKS STATED THAT GOG INTENDED TO HANDLE SUCH SITUATION WITHOUT FURTHER RECOURSE TO PARLIAMENT. GREEKS ALSO REITERATED THAT TECHNICAL AGREEMENTS ON INDIVIDUAL FACILITIES WOULD BE CALSSIFIED AND NOT SUBMITTED TO PARLIAMENT.

11. TURNING TO REVIEW OF NON-SOFA PROVISIONS OF MFA, APP I, US SIDE MENTIONED INADEQUACY OF FACILITIES FOR US PERSONNEL AT TANAGRA AB AS REASON FOR POSSIBLE

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INCLUSION IN ANY BASIC AGREEMENT OF A PROVISION REQUIRING THAT FACILITIES FOR US FORCES BE MAINTAINED AT NO LESS THAN NATO STANDARDS. US SIDE ALSO CALLED TO GREEK ATTENTION AGREEMENT OF OCT 1954 RE IMPLEMENTATION OF ARTICLE XIII OF MFA AND EXPRESSED READINESS TO DISCUSS IT. GREEKS BELIEVED THIS BEYOND THE MANDATE OF SOFA SUBCOMMITTEE BUT FORESAW POSSIBILITY THAT PLENARY MIGHT WISH TO EXPAND MANDATE OF SUBCOMMITTEE TO INCLUDE SUCH "COOPERATION," TO EXTENT IT WAS IN TERMS GENERAL ENOUGH TO DESERVE INCLUSION IN A NEW BASIC AGREEMENT.
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